

SELECTED EXCERPTS FROM
LIVING TRUSTS

Recent increases in probate fees have prompted a renewed interest in living trusts. These trusts, which are also known as inter vivos trusts, are created by a living individual and begin operating as soon as the agreement is signed and the trust is funded.

Paragraph #2 here.

The income earned on the trust may be paid to one or more persons, who are known as the “income beneficiaries.” When the trust terminates, the remaining assets are paid to one or more individuals or institutions, referred to as “remainder beneficiaries.” The trustee could be a trust institution or an individual selected by the settlor, or even the settlor himself or herself. Provisions may also be made for a successor trustee in case the one initially named resigns or becomes incapacitated.

Paragraph #4 here.

Besides saving probate fees, a trust also protects privacy because it does not become a public document as a will does. This confidentiality is important when a person wants to provide for a special friend but knows that family members would be upset if they found out about it. Also, a person may use a trust to assure that the size of distributions from the estate don't become a matter of public record.

Uses of Trusts

A living trust can serve a number of family objectives including:

Bullet points explaining benefits here.

Recognizing that circumstances change over time, the creator of a trust can give the trustee discretionary powers regarding the individuals who will benefit from the trust and the amount each will receive. Since a living trust, unlike a will, takes effect during lifetime, the settlor can see first hand the results of his or her efforts. If the trust is revocable, the assets could be returned to the original contributor. If it is irrevocable, the property can never be returned; the settlor technically loses control over the assets.

Paragraph #8 here.

Taxation of Living Trusts

Paragraph # 9 & 10 here.

Living trusts are highly versatile, serve many needs, and often save probate fees. Before implementing a trust, a lawyer should be consulted to determine what arrangement is appropriate and to draft the trust agreement.